

GWALIA RESOURCES (INTERNATIONAL) LTD.



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28th September, 1988

Mr D. J. Duskin
BP Minerals America
PO Box 891
CAMDEN SOUTH CAROLINA 29020
UNITED STATES OF AMERICA
FAX: 00111 803 425 1086

Dear Doug

BARITE HILL - U.S. FOREST SERVICE TRACT 60-d

After advice from Bruce Gilchrist, we feel the best way to proceed with the land swap would be for you to verbally outline the Joint Venture association to Mr Vonherrman, and also the development that BP is withdrawing and Hawk Resources (USA) Limited will be assuming sole responsibility for the project, and the exchange Tract 359. We suggest that Hawk should replace BP in the Exchange Agreement.

While I have not had the opportunity to speak directly with the U.S. Forest Service people, I cannot see that these circumstances will make any difference to their position?

On completion of the Exchange Agreement Hawk can then proceed to take assignment of the Young Option, and exercise, and activate the agreed timber cut under Frank White. (Is the Service Agreement with White finalised?).

Accordingly, would you please contact Mr Vonherrman and advise if he is any problem with this proposal. Could you also fax us a copy of "the attached legal notice" he mentions in his letter of September 6.

Regards


G. R. BALL
MANAGER - COMMERCIAL & PROPERTY

cc Mr B. Gilchrist
Hogan and Hartson
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